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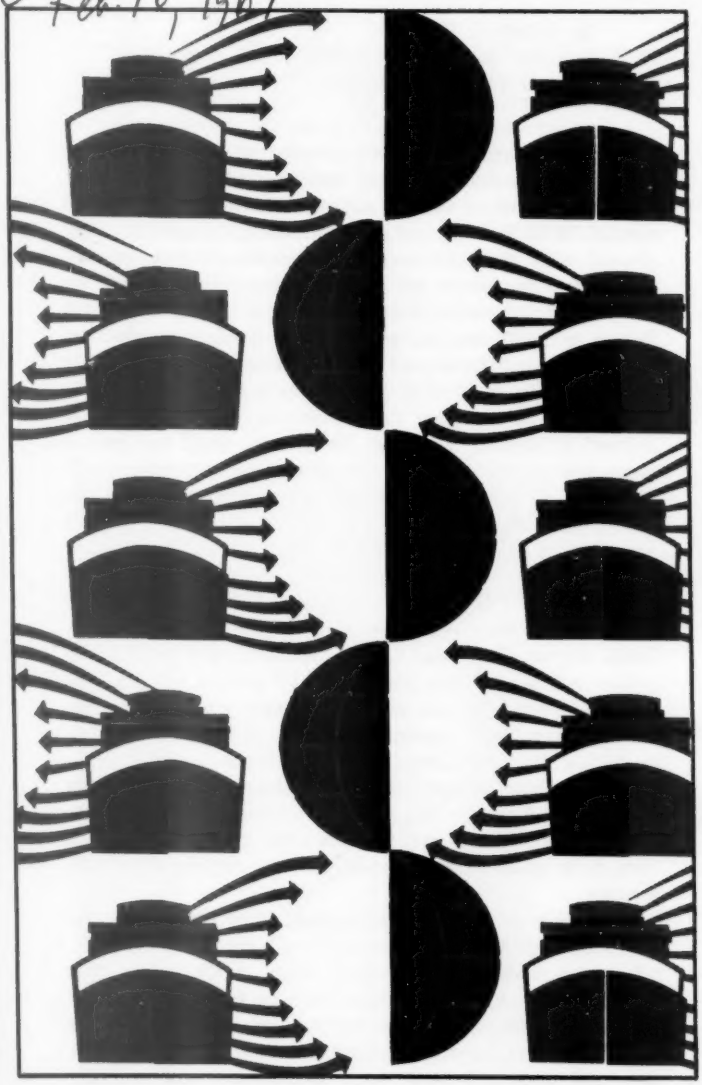

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World's Tea Economy Shows Steady Growth

Brazilian Farmers Increase Wheat Yields

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

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World's Tea Economy S

By JOHN I. KROSS
Director, Sugar and Tropical Products Division
Foreign Agricultural Service

For approximately the last decade tea has occupied an unusually favorable position in world agriculture. Production, excluding Mainland China, increased steadily from 1.5 billion pounds in 1955 to an estimated 2.2 billion pounds in 1968. Several areas that had been minor producers have become major contributors to the world market. International tea trade climbed from 920 million pounds in 1955 to nearly 1.3 billion in 1967; and tea growers were further benefited by expanding markets in their own countries—a rise from 640 million pounds in 1955 to 900 million in 1967.

Prices have remained fairly stable in spite of much increased production (although the general trend has been a creep downward). A factor contributing to tea's price stability has been that demand has almost matched supply in recent years, and in no year has there been a world surplus or deficit large enough to greatly affect world tea prices.

Changing tea geography

The major tea-growing areas of the world are in Asia—India, Ceylon, Mainland China, Indonesia, and Japan. Together, Asian producers grow about 90 percent of world tea output a year. But two newer tea-growing regions are becoming increasingly important—Africa and South America. In Africa, Uganda, Kenya, Tanzania, Malawi, and Mozambique have been the principal tea producers, but now South Africa and Ethiopia are planning commercial production. In South America Argentina is the chief grower. Brazil and Peru have small outputs, and Ecuador is beginning tea cultivation.

Production in all areas has increased since 1955, but it has advanced more quickly in some parts of the world than others. Africa has made the most rapid strides, chiefly because tea has proved to be a dependable cash crop for African smallholders. Another reason for the African expansion is that African growers are more efficient and have lower production costs and taxes than their Asian counterparts and therefore have greater profits. In addition, the limitation on coffee exports under the International Coffee Agreement has encouraged tea cultivation as an alternative source of income for African farmers and governments.

As different areas have increased production at different rates, the output percentages for different regions in the world have changed. For example, in 1955 African production was 5 percent of all output; in 1968 it was 11 percent. In contrast, India's share of world production fell from 43 percent in 1955 to 39 percent in 1968 even though its output rose from 680 million pounds to 870 million during the same time.

Consumption trends

Tea-producing countries usually have both foreign and domestic markets. Some countries with large tea crops, such as Mainland China, Japan, the Soviet Union, and Pakistan, are minor exporters because their production is mainly con-

my Shows Steady Growth

sumed by their own citizens. Pakistan, which used to be an exporter, has now become an importer; Japan's crop is now consumed almost entirely within the country; the Soviet Union is a net importer; Mainland China is a minor exporter.

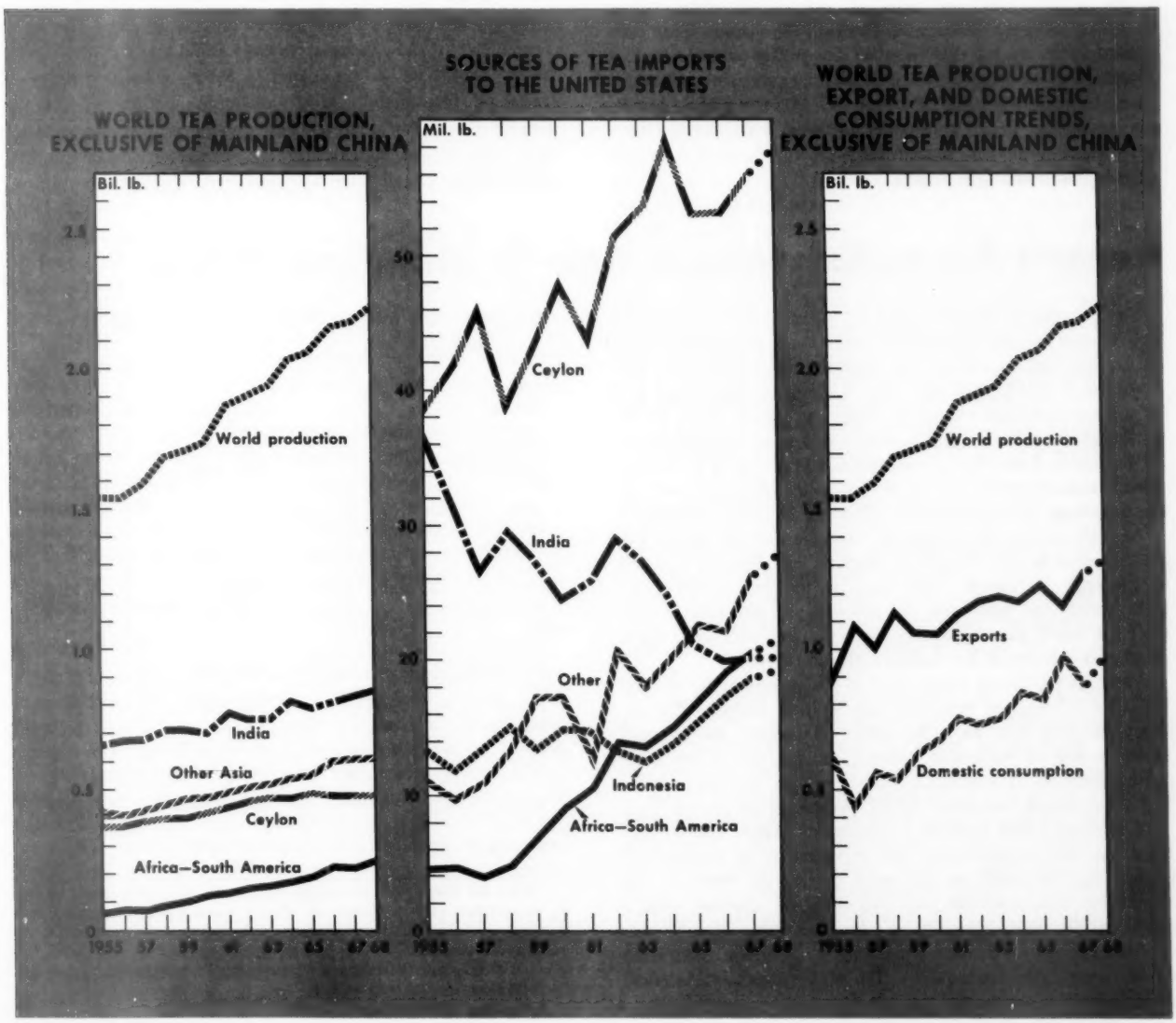
Other tea-cultivating countries rely heavily on foreign markets. Ceylon each year exports nearly its total crop; India sells about half its production abroad; Indonesia, Taiwan, Kenya, Tanzania, and Uganda sell four-fifths or more of their harvests on international markets.

As tea production has trended upward, so has export volume—but not as sharply as production. During 1955-57 world exports were 64 percent of production; by 1960-62 they had declined to 61 percent; and they fell further to only 57 percent in the 1965-67 period. This might indicate a possibility of world tea surpluses in coming years except that much of the falling percentage of exports can be attributed to rapidly rising domestic consumption of tea in the producing countries. As incomes and populations go up in producing countries, domestic tea consumption will probably accelerate.

For the past several years exporting countries have sold everything they have produced either in foreign markets or at home. On many occasions stocks have had to be dipped into to meet consumption needs. Although the 1968 world tea crop is another in a long series of record harvests, expanding world consumption—aided by producer-sponsored tea promotion—will be able to absorb the larger supplies with little change in global tea stocks.

Purchasers and prices

While two countries—India and Ceylon—produce over half of the world's tea crop, two others—the United Kingdom and the United States—consume more than half of the tea that enters world trade. In 1967 imports to the United



Kingdom totaled 546.6 million pounds; those to the United States were 142.6 million and were valued at US$58.1 million. Consumption in the United Kingdom has been stable for the past few years but that in the United States shows a marked expansionary trend.

For the United States the importance of some tea sources has waxed while the export sales of others have waned. Ceylon, which was the United States largest supplier in 1955 (37 percent) has not only remained in the lead but has managed to increase its share of the U.S. market to 39 percent in 1967. Over the same period the volume of Ceylonese sales rose from 39.1 million pounds to 56.1 million. At the same time India's share of the lucrative U.S. trade fell from 35 percent to 14 percent, or from 36.6 million pounds to 20.4 million. In general, the decrease in India's share reflected the higher costs of Indian teas than teas from other major sources. In contrast, competitively priced African teas have captured more and more of U.S. import purchases—their portion soared from 4 percent in 1955 to 15 percent in 1967.

Although many importing countries have pronounced preferences for teas of particular types and qualities from specific places, quality and type alone do not govern price. Some countries, notably India and Ceylon, have high taxes and export duties on tea that increase tea prices to international buyers. Pulling prices down were the recent currency devaluations by several producing countries. For the United States, any advantage in price decline resulting from foreign currency devaluation has been mostly offset by rising domestic labor and manufacturing costs.

Profitability of tea culture

Although tea prices have declined slightly in the past few years, some producers, such as Africans, are still making good profits because of minor export taxes, high productivity and efficiency, and low production costs. Profits to other producers, however, such as Ceylon and India, are shrinking as taxes climb and production costs increase in response to inflationary tendencies in the domestic economies of the countries involved.

Abundance of low-quality tea is one of the major problems affecting the profitability of tea culture in producing countries today. Much of the production from Africa and South America and the majority of the quantities responsible for Asia's increased outturn are in the low- to medium-quality category. The trend toward increased production of such teas probably stems from the efforts of governments of producing countries to multiply tea output to earn more foreign exchange. Such programs, however, have often resulted in lowered earnings because excessive supplies of poor teas have depressed the markets for all teas.

In recent years some producing countries have wished to establish international marketing controls on tea. The chief proponents of the scheme have been India and Ceylon. Many issues would need to be examined before a feasible program could be formulated. Most consuming countries, like the United States, feel that the best cup of tea for the industry is to rely on the behavior of the free international market, where prices are dictated by supply and demand.

Record Australian Wheat Sale to Mainland China

The Australian Wheat Board last month sold 2.2 million long tons of wheat (82 million bushels) to Mainland China, the largest single contract ever made by the Board. The sale is valued at A$125 million (about US$140 million) and will be delivered between February 1969 and March 1970. Terms of the sale include 10 percent of payment at time of shipment, 20 percent in 6 months, an additional 20 percent in 9 months, and the remaining 50 percent in 12 months. All payments will be in sterling.

As with former purchases of Australian wheat China has the option of taking 10 percent more or less than the quantity in contract. In almost every case in the past the Chinese have bought the additional 10 percent. In this newest contract the buyer has the option of advancing into 1969 those shipments scheduled for January-March 1970.

Australia's previous largest sale to China was made in May 1967 for 1.5 million long tons (56 million bushels) for delivery between July and December. Assuming the January purchase will be shipped in equal quantities, China has committed imports of around 4.5 million tons for the current July-June season compared to 4.1 million in all of last year.

Australian wheat supplies available for export and/or carryover in the current season are expected to be around 475 million bushels based on the latest production estimate and allowances for domestic use. In 1967-68 exports totaled about 210 million; shipments to China accounted for 30 percent of the total. In the preceding year when Australia's wheat exports reached a record 316 million bushels Mainland China took 112 million.

AUSTRALIAN WHEAT, FLOUR TO MAINLAND CHINA

Date of contract	Shipping period	Quantity [1]
		Million bushels
1962:		
February [3]	Feb.-May	24.3
June [3]	June-July	1.8
October [4]	Oct.-March	23.3
December [4]	Jan.-June	47.1 [5]
1963:		
May [4]	June-Nov.	46.0
June [4]	Sept. onwards	4.0
November [4]	Dec. onwards	41.0
1964:		
April [4]	June-Nov.	21.0
October [4]	Nov.-June	56.0
1965:		
April [4]	June-Dec.	45.0
November [4]	Jan.-June	18.7
1966:		
June [4]	July-Dec.	22.5
October [4]	Dec.-June	56.0
1967:		
May [2]	July-Dec.	56.0
1968:		
March [4]	March-Sept.	37.3
1969:		
January [4]	Feb. 1969 March 1970	82.1

[1] Sales are made with the usual option of 10 percent more or less as to quantity and in almost all cases the additional 10 percent has bought. [2] Cash. [3] 10 percent cash, 40 percent 6 months, 50 percent 12 months. [4] 10 percent cash, 20 percent 6 months, 20 percent 9 months, 50 percent 12 months. [5] Includes 1.1 million bushels from the 1961–62 season.

Australian Wheat Board.

Canadians License Two New Wheat Varieties

Licenses for sale in Canada have been issued for two new wheat varieties, Pitic 62 and Hercules durum. Licensing of the Mexican variety Pitic 62—a low-quality wheat eligible for grading into feed only—marks the first time a license has been granted to a nonmilling variety.

Pitic 62 was developed in Mexico in the joint breeding program carried on by the Mexican Ministry of Agriculture and Animal Industries and the Rockefeller Foundation. The wheat is soft with a nonvitreous (porous) texture reportedly inferior in milling and baking quality to standard Canadian wheat varieties. Its value will likely be closely allied to standard feedgrains such as barley and corn, as well as to the supply and demand for all feedgrains.

Pitic 62 has a large semi-red colored kernel with a distinctive shape. It is readily distinguishable from the varieties of milling wheat now grown in Canada, reducing the danger of the variety interfering with the quality of Canadian milling grades.

Higher yields with Pitic

According to Agriculture Minister H. A. Olson, Pitic 62 has been tested in Canada since 1964, rather extensively during the past 2 years. Where moisture is not limited and other factors are favorable to its production, Pitic 62 will give a substantially higher yield of grain than Canadian standard milling varieties. In 1968 the overall average yield of this variety was found to be 24 percent higher than Manitou.

Pitic 62 does not have all the attributes normally looked for in wheat varieties. It is much later maturing than Manitou, averaging 5 to 7 days later in 1968 and even longer in 1967, and is said to be susceptible to loose smut and bunt. It is only moderately resistant to leaf rust. Although Pitic 62 can be classed as fairly resistant to shattering it is considered to be more susceptible than Manitou under some environmental conditions.

In addition, Pitic 62 averages approximately 2 pounds per bushel lighter than Manitou, according to the Canadian Department of Agriculture. These shortcomings may limit the usefulness of the variety, particularly in the northern areas where early maturation is an important factor. Pitic 62 was licensed to provide farmers with the opportunity of producing feed wheat and of gaining useful experience until better feed varieties are made available.

Imported seed

Very little Pitic 62 seed is available in Canada now and imports from the United States will be necessary for 1969 planting. To insure that the imported seed is Pitic 62, the Canadian Wheat Board has agreed to issue import permits for pedigreed seed only. Breeder seed will be maintained to make stocks available in future years, and foundation seed will be imported and increased for distribution in spring 1970.

The new durum wheat variety, Hercules, was developed at the Winnipeg Research Station through a complex crossing program, the final cross being made in 1957.

The outstanding agronomic attributes of Hercules are its earlier maturation and shorter and stronger straw. It is said to mature approximately a week earlier than Stewart 63 durum and is 9 inches shorter, characteristics of major importance in the black soil of Manitoba and eastern Saskatchewan. In these areas Hercules yields have been reported to be about equal to Stewart 63. In the brown soil zone of Saskatchewan and Alberta, yields reportedly have averaged somewhat lower, particularly in early season drought areas.

Hercules has good leaf- and stem-rust resistance, according to the Canadian Department of Agriculture, and is the first commercial durum variety in Canada with resistance to loose smut. The variety is also said to have good seed size, strong gluten, and excellent color for pasta products.

—Based on dispatch from ALFRED R. PERSI
Assistant U. S. Agricultural Attaché, Ottawa

Palm Oil in Papau-New Guinea

Palm oil production will be expanded in Papua and New Guinea with the assistance of a $1.5-million credit from the International Development Association (IDA). The Territory of Papua and New Guinea is administered by Australia. The project will support Australia's efforts to develop new cash crops on a commercial scale, relieve population pressures by opening new lands to settlement and cultivation, and establish techniques for land settlement, which could eventually be applied elsewhere in the Territory and with other crops.

The area to be developed for oil palms is located on the island of New Britain, adjacent to an estate and an oil mill belonging to a newly established company, New Britain Palm Oil Development Limited (NBPOD). The project consists of the settlement of about 580 families from other parts of the Territory on 15-acre holdings and the planting of 8 acres of oil palms on each holding, totaling 4,640 acres. Planting material will be provided by NBPOD, which will also process and export the output of smallholders. Australia will provide suitable infrastructure, including a small port and a road and bridge leading to it from the settlement area, and the necessary welfare and extension services.

Total cost of the project is estimated at the equivalent of $3.3 million, with Australia contributing $1.8 million.

Blight Hits Irish Potatoes

Ireland faces a serious shortage of potatoes and subsequently higher prices over the next 4 months, because of blight. The disease has been particularly widespread because it hit the crop in September after most commercial growers had stopped spraying. Rains contributed to the spread of the fungus.

Crop losses in some counties are understood to be as high as 18 percent. The late blight will also seriously affect the storing quality of potatoes harvested so losses in the final analysis could be heavier.

Heavy flooding in Britain early last year and the reportedly high incidence of blight in the Scottish potato crop will probably lead to a scarcity of potatoes in Britain. This means that any extra potatoes available from Northern Ireland will be shipped to Scotland and northern England. The market price of potatoes at present in Ireland is around $48 a ton, some $12 to $14 above prices of the same time last year.

—Based on dispatch from EUGENE T. RANSOM
U. S. Agricultural Attaché, Dublin

A group of immigrant farmers demonstrates how wheat output can be increased in Brazil—through the use of more fertilizer per acre, better seed, and other improved farming practices.

Postwar Colony Boosts Brazil's Wheat Supply

By JOHN C. McDONALD
U.S. Agricultural Attaché
Rio de Janeiro

Nearly 18 years ago some 400 German-speaking Eastern European families bade a tearless farewell to the Austrian refugee camp in which they had spent 5 postwar years and headed for new lives in south-central Brazil. With the help of the Swiss Government, the migrants settled on 21,000 acres situated 3,500 feet above sea level in Guarapuava Município (county) of the State of Paraná.

In 1967, this single colony—Cooperativa Central Agraria Ltda., its corporate name—produced 10,000 metric tons of wheat on 25,000 acres (colony land holdings now total 74,000 acres). This was nearly 3 percent of Brazil's wheat output for the year. In 1968, the colony's farmers planted wheat on 37,000 acres; their production is estimated at 20,500 metric tons.

Average yield in 1967 was 15 bushels per acre. For 1968 the average probably rose to nearly 23 bushels per acre, according to Bernhard Reich—an agronomist sent over by the West German Government to supervise the colony's fertilizer project. West Germany contributes development financing to the colony through fertilizer donations.

Although these yields are not large by U.S. standards, they are considered good in Brazil. Average yield in Rio Grande do Sul, the State that produces about 85 percent of Brazil's wheat, was less than 13 bushels per acre in 1967. Brazil has produced only 10 to 12 percent of its wheat needs in recent years; in 1967, for example, it spent $180 million for wheat imports.

All wheat consumed in Brazil—homegrown or imported—is bought by the Bank of Brazil. This government bank then sells the wheat to the mills. The mills pay more for imported wheat than the bank does. The profit thus realized is used to provide incentives for domestic wheat production through payment of relatively high prices to growers. Domestic wheat brings the equivalent of US$2.74 per bushel if it meets moisture and weight standards. In 1968, Brazilian wheat reportedly cost the government 70 percent more than foreign wheat.

Fertilizer and seed used

According to Mr. Reich, the less efficient farmers who do not see why it is necessary to use a great deal more fertilizer than they or their fathers used in Hungary, Yugoslavia, and Romania get smaller wheat yields than the average.

On the other hand, one of the most progressive farmers in the colony—29-year-old Ernst Ferter, who terraces his fields against erosion and pours on nearly 1,000 pounds of fertilizer per acre—averaged 35.7 bushels per acre from 300 acres planted to wheat in 1968. On 50 acres on which he planted a seed variety developed at Instituto Agronômico do Sul—IAS–50—Ferter realized 48.8 bushels per acre.

Another progressive young farmer, Paul Roth, harvested wheat yielding nearly 30 bushels to the acre. Like Ferter he has been using 1,000 pounds of fertilizer per acre—635

Right, supervisor of the colony's fertilizer project examines wheat grown by one of the most progressive farmers. Below, one of the colony's 150 combines in operation.

pounds of Basic Slag (18 percent phosphoric acid plus lime and other elements), 90 pounds of potash, and 275 pounds of a domestic compound of phosphorus, potash, and a small amount of nitrogen. A majority of the colonists use Basic Slag plus a mixture that adds the following amounts of chemicals per acre: 53 to 70 pounds of phosphoric acid, 35 to 53 pounds of potash, and 10 to 27 pounds of nitrogen.

In 1968 nearly 28 million pounds of seed were used by the colony. All seeds were certified by the State of Paraná because bank credit is not otherwise available. Sixty-three percent of the seed was of the IAS–20 variety, 12 percent of BH variety, and the remaining 25 percent of 10 other varieties. Farmers noted that IAS–20 tended to drop a few kernels on the ground. IAS–50 did not have this fault, according to Ernst Ferter, who sowed it last year. But Mr. Ferter found that some of the heads on relatively productive stalks were unfilled; consequently, he plans to use even more liberal applications of fertilizer this year.

Improving other farming practices

Although Bernhard Reich's official assignment is to supervise the colony's fertilizer project, he is also deeply involved in other agricultural affairs as an unofficial and well-accepted adviser. In this unofficial capacity he has a multitude of ideas for increasing farming efficiency.

One of his priority projects is to convince the colonists that it is worthwhile to advance their wheat cycle so they can plant and harvest a soybean crop during the 6 months of the year the land would otherwise be idle. Crops generally can be grown the year round because the temperature seldom varies far from 60°F. and rainfall is well distributed over the calendar.

Double-cropping is slowly finding favor with many of the colony's wheatgrowers. Ernst Ferter, for example, has tried it successfully. And Paul Roth plans to push his wheat planting ahead so the 1969 crop will be harvested earlier and soybeans can be planted by late October—the ideal time.

The soil erosion beginning in many of the cooperative's wheat and rice fields worries Mr. Reich. In fact he is so concerned and most of the colony is so unconcerned that he recently borrowed several soil erosion films from the U.S. Department of Agriculture to show at meetings in the colony's five villages.

A common Brazilian soil-depleting practice that Mr. Reich deplores is the burning over of forests to produce cropland and pasture and of fields to clear the land for the following crop. According to Mr. Reich, much of the land in the region probably has been burned over every year for two centuries. Farmers Ferter and Roth did not burn over their wheat. The new combines they bought in time for the 1968 harvest are equipped with strawcutters, and the wheat straw was disked into the soil when it was prepared for soybeans.

The colony's 1968 wheat crop was reduced an estimated 5 percent by the largest infestation of caterpillars in recent years—a loss that could have been prevented by timely spraying. The farmers sprayed their fields from the air last year as they do every year, but the rented planes arrived too late to do the best job. This year, the colony hopes to have its own plane to put into service the moment it is needed.

The colony's growth

Of the 400 families that came to Paraná in 1951, about half eventually went back to Europe—but to Germany rather than to Eastern Europe. But new families produced by children of the first settlers have brought the colony's total back up to around 400 families.

Each original family was given a little over 1 acre on which to build a house in one of five villages, another 2½ acres on the edge of the home village, and 50 to 75 acres not so close to home. The size of the larger acreage varied with the size of the family.

The first few years were hard. Life was primitive. The colonists' children could get only 2 years of schooling (today the maximum is 5 years in Vitória, the main village). The migrants had a lot to learn about the use of fertilizer and about growing wheat and upland rice under unfamiliar conditions. They overworked their rice land, perhaps to impress their neighbors with their diligence, plowing it three times and then disking it for good measure.

But the farmers who stayed did learn and most of them prospered. As they prospered they invested in land and machinery until today very few of the first members have only their original acreage. Two years ago the cooperative bought 5,000 acres in the Guarapuava region, divided it into 30 units with about 125 cultivable acres each, and sold the units to members with small or medium holdings. Wheat yields on this new land have been about 24 bushels an acre.

Today about half of the colony's cropland is in wheat, half in rice. Members own 150 combines and 450 tractors—an impressive total in Brazil's machine-poor countryside.

The colony's leading farmers rent and farm additional land each year. Paul Roth, for example, has 420 acres of his own in wheat and rents another 2,000 acres in a neighboring State on which he grows rice. The cooperative's largest farmers, a father and son, own nearly 10,000 acres and rent and farm additional land; they grow wheat and rice and have a small Charolais herd. In addition to an impressive layout of farm buildings, they own four self-propelled combines and ten 85-horsepower tractors.

Some present problems

Wheat handling at the cooperative is woefully inefficient. The grain is bagged in the field, hauled to the farmer's storage shed, handled again when it is taken to the central cooperative in Vitória to be stacked on the member's pile. Later it is unbagged, then rebagged and classified, dried if necessary, and put in Bank of Brazil bags for delivery and payment. Members hope that the first bagging operation can soon be eliminated and the bank will move to bulk operations.

It has become apparent that uneducated farmers are not equipped to direct increasingly complex operations that will soon include a lime plant, flour mill, machinery center, certified seed center, and various other operational and accounting functions.

Lack of uniformity of farm machinery and parts is an ever-present handicap. Many of the combines and tractors owned by the cooperative's members are of indifferent quality. With harvesting under way, for example, two of Ernst Ferter's combines were standing useless for lack of parts.

Land prices are rising in the Guarapuava region. The 5,000-acre tract bought for about US$16 per acre 2 years ago would cost much more today. Now, with a paved highway running through the area from Curitiba, the State capital, to Iguaça Falls, a tourist attraction, the value has tripled. Some ranch owners in the area are holding out for as much as US$65 an acre.

Australian Flaxseed Crop Recovering, Safflower Off

Australian production of flaxseed, which plummeted in the mid-1960's following a huge 1964-65 crop and resulting surplus problems, is moving back up again. Distribution of the crop, however, does not favor its complete use domestically. Thus, some of it will probably be exported, while imports will also be made. Production of safflowerseed is another story. Drought and crop abandonment led to a sharp drop in production, and Australia must plan for substantial imports.

The 1968-69 flaxseed crop is estimated at 21,000 long tons —more than double the level of last year but less than half the record 1964-65 crop of 46,600 tons. The seesaw trend in production is an outgrowth of a move taken by the Australian Linseed Crushers Association after the large flaxseed crop of 1964-65. The Association drastically reduced growing contracts in order to cut the surplus of seed which had accumulated from that and earlier crops. The move seriously affected growers' confidence in flaxseed as a permanent component of their farming operations, and in many areas interest in flaxseed has been restricted ever since.

In addition, adverse seasonal conditions affected production significantly during 1966-67 and 1967-68. As a result, production remained below domestic requirements, resulting in a complete working down of the surplus stocks and a shortfall, covered by imports of seed, in 1967-68.

The crop this year comes closer to meeting domestic needs, but a substantial proportion of this is in the Esperance region of Western Australia. Because of high freight costs to eastern States, western producers will probably find it more attractive to sell some of this seed—possibly about 3,500-4,000 tons—to Japan. Accordingly, the shortfall in eastern States will have to be covered by imports of 8,000–10,000 long tons of seed, largely from Canada.

Poor rainfall in central Queensland and parts of New South Wales set back safflower production this year. Crushers early this season contracted sufficient area to provide a crop of about 25,000 tons of seed. However, on present indications only 15,000 tons appear likely to be harvested. Fairly large areas were abandoned, and the Queensland acreage declined from 95,351 acres last season to about 50,000 acres this season, while New South Wales acreage dropped from 8,550 acres to about 2,500.

There is little doubt that imports will be required this year if the domestic demand for safflower oil is to be fully met and no substitution occurs. Currently, it looks as if such import requirements could total about 10,000 to 15,000 tons of seed.

—Based on dispatch from FRED M. LEGE, III
—U.S. Agricultural Attaché, Canberra

New Board To Promote Irish Meat, Livestock Exports

Ireland's Minister for Agriculture and Fisheries, Neil T. Blaney, announced on January 9 the setting up of a livestock and meat export promotion body. The voluntary board, to be called Coras Beostoic Feola (Gaelic for Livestock and Meat Board), is to be known as CBF and will be financed out of existing subsidies to livestock and meat producers. Its main areas of operation will be the United Kingdom.

The Board has a chairman and nine members, including representatives of producers, livestock exporters, and meat processors and exporters. Its function will be to promote the export of live cattle and sheep, as well as carcass meat and meat products derived from cattle and sheep. The export of pigmeat will continue to be the responsibility of the Pigs and Bacon Commission.

The work of CBF will be entirely promotional, and the board will have no compulsory powers. It will be financed by a net levy on the trade, the amount of which will depend on the scale of operations.

The setting up of CBF, although not unexpected, is seen by many in the livestock trade as only a half measure. It is generally held that the action will contribute little toward moving cattle supplies to Britain—already the largest market —and do nothing toward standardizing carcass beef for export. These are considered to be two of the major weaknesses in the marketing of Irish cattle and meat.

The idea of a single promotion body for both livestock and carcass meat differs completely from the recommendations of the feeder cattle study group, which had been appointed in April 1966 to look into the situation. The group recommended that there be an Irish livestock promotion authority, which would be separate from any board or authority relating to the meat industry. The National Farmers' Association (NFA) said CBF was "a contradiction in terms" and it fell "far short" of what farmers had hoped for in the shape of a full marketing organization for meat.

In 1967, Ireland shipped out 326.1 million pounds of fresh, chilled, and frozen beef and veal, of which 242.3 million went to the United Kingdom and 76.7 million to the United States. Exports of mutton and lamb that year were 29.6 million pounds, with the United Kingdom taking nearly 80 percent of the total. Shipments of live cattle totaled 649,500 head, with 96 percent of this going to the United Kingdom, and those of sheep were 140,400 head, with 92 percent going to the United Kingdom.

—Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

France Sells Wheat to Egypt

The Governments of France and the United Arab Republic have agreed on a trade of 550,000 metric tons of French wheat and wheat products to Egypt. Of the total sold commercially, 342,000 tons will be wheat and 118,000 tons wheat flour. Another 90,000 tons of wheat or wheat products will be sent to Egypt as France's portion of the Food Aid Convention of the International Grains Arrangement.

The terms for the commercial sales call for a downpayment of 30 percent of a shipment value. The remaining 70 percent of value is to be paid in four equal installments 15, 18, 21, and 24 months after the date of sale.

Deliveries of the wheat are to be made from January through September 1969.

—Based on dispatch from JAMES M. BENSON
Assistant U.S. Agricultural Attaché, Paris

Dutch Opt for U.S. Convenience Foods

Above left, Lutheran deaconesses inspect U.S. produce; below, sampling eel at the U.S. exhibit; left, Hilton hotel chef presents gourmet dinner of convenience foods from the United States to guests of USDA.

Convenience foods from the United States took center stage at the Netherlands' HORECAVA 69, 13th annual food and equipment show held for the Dutch service trade January 6-9. Most of the opening-day crowd of about 10,000 came through the American Food Products Exhibit to taste-test and talk about a wide variety of foods and beverages, especially those convenience foods prepared and packaged for use in institutional dining rooms.

The United States brought its food to HORECAVA for the first time, among 350 other exhibitors with everything from restaurant cooking equipment to furniture, dishwashers, work clothes, and maintenance equipment. The U.S. exhibit, unique in its feature of food, was cosponsored by Grocery Manufacturers of America and FAS and included products from 46 U.S. companies.

At the U.S. exhibit, an attention-drawing photo essay of the Apollo 8 moon shot keenly pointed up the capability of the American technology at work in many industrial fields including the processing of top-quality, easy-to-prepare foods and beverages. Most popular of these items on hand at the exhibit were turkey and chicken roasts and rolls, air-fresh fruits and vegetables, individual packets of cocoa and coffee, rice, canned fruits and friut cocktail, fresh and frozen orange juice, preserved meats, gourmet soups, seasonings, and cake mixes.

Housewives in America and Europe like convenience foods for the time and money saved. Convenience foods are in demand in institutional kitchens for the same reasons, and the Dutch trade is looking to the United States as a leading supplier of the newest and best.

Dutch service tradespeople visiting the fresh produce counters at the fair sampled Texas grapefruit and California cherry tomatoes, scarcely believing that 24 hours earlier they had been picked from fields in western United States. Green bell peppers, grapes, eggplant, celery, lettuce, tomatoes, artichokes, avocados, and sweet corn were also well received. Many Dutch tradesmen would welcome twice-weekly shipments of the fresh produce by air during winter months.

Fruit and vegetable growers from the United States at the fair were there to boost an already good trade in fresh produce with the Netherlands. The country is a US$23 million market for fresh and processed fruits and vegetables, the biggest single category being fresh citrus, which earns almost $10 million a year.

The crowds of people at the sampling stand and groups of businessmen in the trade lounge reflected the favorable reaction of the Dutch service trade to the U.S. poultry shown. European representatives of the Institute of American Poultry Industries met over 100 hotelmen, restaurant operators, caterers, and institution buyers and answered questions about oven-roasted turkey breasts, and smoked turkey and chickens.

Some new poultry products which drew attention were the "further processed" items. These include chicken kiev—breaded breasts with spiced butter inside, which self-baste when deep-fat fried—smoked turkey and precooked turkey. Another new item is chicklinks, which resemble sausage and taste like it but are made of chicken meat, with the result of low fat content and no shrinkage. The chicklinks and chickettes—poultry patties—particularly interested school and hospital dietitians.

American convenience foods were put before the most critical board of gastronomical judges in Holland—75 members of the Dutch Executive Chefs Club—and passed with flying colors. The chefs, whose dinner as guests of USDA at the Amsterdam Hilton included fruit compote, stuffed turkey breast, sweetpotato souffle, broccoli, salad (iceberg lettuce, cherry tomatoes, avocados), and a fresh strawberry mousse were lavish with ooh's and aah's and "zeer goed" (very good). Their enthusiasm for the convenience foods is an important benchmark for the success of processed U.S. agricultural products in Europe, where cooking is a revered art and changes come slowly.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between January 22 and January 29, 1969, U.S. Hard Winter, U.S. Soft Red Winter, and Canadian Manitoba offer prices decreased 1 cent. U.S. Spring increased 2 cents. All others remained unchanged.

U.S. corn prices decreased 1 cent per bushel and Argentine 6 cents. The price for South African White was not quoted.

Item	Jan. 29	Jan. 22	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.03	2.04	2.05
USSR 121	1.95	1.95	1.93
U.S. No. 2 Dark Northern Spring, 14 percent	1.90	1.88	1.93
U.S. No. 2 Hard Winter, 14 percent	1.90	1.91	1.82
Argentine	1.78	1.78	1.80
U.S. No. 2 Soft Red Winter	1.74	1.75	1.76
Corn:			
U.S. No. 3 Yellow	1.39	1.40	1.40
Argentine Plate	1.42	1.48	1.61
South African White	(1)	(1)	(1)

[1] Not quoted.
All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Austria's Grain Crops Exceed Records

Austria's final grain crop estimates show the 1968 average yields of breadgrains, oats, and spring mixed coarse grains to be above the records set in 1967. Only barley remained somewhat below the record yield of 1967.

The final grains tally shows that the period of dry weather in 1968, which lasted until the middle of July, had no adverse effects on crop developments in general. On the contrary, it now appears that the dry and warm weather, in combination with opportune spells of rain, was actually conducive to the growth of grains.

Final production estimates for the 1968 grain crops are listed as follows with comparable figures for 1967 shown in parentheses.

Breadgrains: Wheat, 1,044,700 metric tons (1,045,400); rye, 413,300 (377,100); winter mixed grain, 15,800 (14,500); total of all breadgrains, 1,473,800 (1,437,000).

Coarse grains: Oats, 324,100 metric tons, (335,700); barley, 769,900 (772,200); spring mixed coarse grains, 74,200 (68,500).

Mixed Grain Prospects for Argentina

Reports from Argentina near the end of January point to increased corn and sorghum production for the current season, but to a reduced wheat crop.

Two months ago the official estimate of the current wheat harvest was 8.2 million metric tons. Both reported statements by officials and trade sources now estimate production nearer 7 million tons, owing to excessive heat in late November and early December followed by rains which disrupted harvesting. This compares with last year's production of 7.3 million tons and the recent 5-year average of 8.0 million tons.

Although the early-planted corn suffered from heat damage in November and there was some abandonment, growing conditions were generally favorable during January. Unofficial sources estimate the coming harvest at 7 million to 8 million metric tons, compared with 6.6 million last year and a 5-year average of 6.5 million.

The sorghum crop incurred minimum damage from the adverse weather in November, and growing conditions have been excellent since that time. The same sources place the pending sorghum harvest at 2-2.5 million metric tons, compared to 1.9 million tons a year ago and the recent 5-year average of 1.5 million.

Ceylon's Tea Exports Smaller

Ceylon's tea exports during January-September 1968 totaled 352.8 million pounds valued at Rs. 884.5 million (US$148.6 million), compared with 375.6 million pounds valued at Rs. 821.2 million (US$172.4 million) during the corresponding 1967 period. Although the volume was off by 6.1 percent, the effects of the November 1967 currency devaluation boosted rupee earnings upward by 7.7 percent.

The smaller volume of tea exports is primarily attributed to Ceylonese port strikes and labor problems earlier in the year and to the current large tea stocks being held in the United Kingdom—the largest market for Ceylon's tea exports. Shipments to the United Kingdom during the first 9 months of 1968 totaled 131.6 million pounds, down 11 percent from a year earlier. Exports to the United States at 29.8 million pounds were also off from the corresponding 1967 period. However, shipments to Iraq have recovered from their 1967 slump and totaled 33.1 million pounds during January-September 1968, nearly double the 9-month 1967 level of 17.2 million.

Ceylon's 1968 tea crop is expected to approximate the 1967 harvest of 486.7 million pounds. Harvesting through the first 10 months of 1968 yielded 399.3 million pounds, showing virtually no change from the similar 1967 period of 398.9 million.

Thailand Announces New Sugar Act

By Royal Decree, the Government of Thailand placed the new Sugar Act B.E. 2511 (A.D. 1968) in force as of December 25, 1968. This is the first agricultural act that controls farm and industrial production.

The new act aims to promote cane sugar plantations in such a way that the planters will gain more return for their

investment and that the cane price will be stabilized. It also empowers the authorities to obtain information on the factories' sugar production, including stocks, during the season in order that demand may be met in an orderly way. Thailand now produces about 300,000 tons of sugar and consumes about 275,000 tons annually, and has been a net exporter for several years.

EC Minimum Flower Bulb Export Prices

The EC has announced a new system of minimum prices for flower bulbs and tubers exported to third countries. Under the system, the export market is divided into four groups of countries. Groups are I, the United States and Canada; II, the United Kingdom; III, Argentina, Venezuela, Cuba, Denmark, Finland, Sweden, Norway, Switzerland, and Spain; IV, all other countries. Minimum prices vary by country group, quantity, and size of bulb. The first minimum price regulation is effective June 1, 1969 to May 31, 1970.

Mexican Cotton Production Increases

With well over 75 percent of the 1968-69 Mexican cotton crop ginned by late December, aggregate production is expected to total around 2.3 million bales (480 lb. net). Last season's production of 2.0 million bales was the smallest crop in 6 years. The increase in the current crop is attributed to both expanded acreage and increased yield. Acreage planted to cotton this season totaled 1,780,000 acres, up from 1,702,000 in 1967-68.

The increased production this season is primarily due to increased output in the Tampico-Altamira and Sonora regions. The bigger crop in the Tampico-Altamira area resulted from better weather than in 1967, and in the Sonora area from increased acreage planted. In the Mexicali region, less area was devoted to cotton, causing an absolute decline in production; however, yields increased owing to improved control of the pink bollworm. The cotton crop in the Laguna, Delicias, and Juarez areas received some damage in early September from Hurricane Naomi.

Exports of raw cotton during the current year are expected to be about one-third above last year's shipments of 1,239,000 bales, which was the lowest amount exported in more than a decade. The increase in exports this season reflects the larger crop. Exports to major destinations during the 1967-68 year with quantities supplied were: Japan, 493,000 bales; the United States, 392,000—mostly for transshipment; Italy, 85,000; Chile, 70,000; France, 29,000; Canada, 25,000; and West Germany, 22,000.

Consumption of raw cotton this season is expected to approximate the 700,000 bales consumed in each of the 2 preceding years.

U.S. Cotton Exports Increase in December

Raw cotton exports from the United States in December totaled 276,000 running bales, compared with 185,000 in November and 331,000 in December of 1967. However, exports during December were larger than were those in any of the preceding months in the current market year.

Shipments in the first 5 months (August-December) of the current season amounted to 1,088,000 bales, down about 24 percent from the 1,424,000 shipped during the same period a year ago.

U.S. COTTON EXPORTS BY DESTINATION

[Running bales]

Destination	Year beginning August 1				
	Average	1966	1967	Aug-Dec	
	1960-64			1967	1968
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	4	1	1	0
Belgium-Luxembourg	121	52	45	15	11
Denmark	14	8	10	4	1
Finland	17	15	11	6	2
France	319	163	148	53	36
Germany, West	269	159	100	39	11
Italy	345	263	253	102	30
Netherlands	110	31	36	7	7
Norway	13	10	7	2	3
Poland & Danzig	125	78	77	27	84
Portugal	21	1	8	1	3
Spain	74	1	7	1	4
Sweden	81	71	75	35	20
Switzerland	74	79	60	28	15
United Kingdom	244	153	125	47	20
Yugoslavia	112	139	67	20	0
Other Europe	17	11	25	2	3
Total Europe	1,979	1,238	1,055	390	250
Australia	61	17	17	12	0
Bolivia	7	9	0	0	0
Canada	353	297	142	72	36
Chile	18	3	1	(1)	(1)
Colombia	3	1	0	0	(1)
Congo (Kinshasa)	6	34	13	(1)	0
Ethiopia	9	9	22	4	7
Ghana	1	15	12	2	8
Hong Kong	148	183	299	87	104
India	314	289	342	137	5
Indonesia	40	161	70	0	47
Israel	15	2	4	1	1
Jamaica	4	5	1	(1)	1
Japan	1,192	1,293	1,103	355	241
Korea, Republic of	261	372	351	180	181
Morocco	12	14	35	6	5
Pakistan	14	3	18	(1)	0
Philippines	123	134	154	37	52
South Africa	41	38	23	4	3
Taiwan	209	373	378	94	89
Thailand	34	70	90	29	30
Tunisia	2	15	14	6	0
Uruguay	6	0	0	0	0
Venezuela	8	1	(1)	0	(1)
Vietnam, South	46	66	24	1	14
Other countries	18	27	38	7	14
Total	4,924	4,669	4,206	1,424	1,088

[1] Less than 500 bales.

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Expansion Continuing in Iran's Cotton Industry

Iran's cotton acreage, which dropped considerably in 1967-68 owing to an unfavorable price outlook and heavy crop damage from bollworms in the Caspian coast region the previous season, recovered to nearly 900,000 acres for the 1968-69 season, as a result of timely pest control on the part of the government and an upturn in price in 1967-68. It is anticipated that production of lint cotton during the current season will reach 650,000 bales, compared with 519,000 and 528,000 in 1966-67 and 1967-68, respectively.

Substantial gains in cotton output per acre have been recorded in recent years. Now averaging about 350 pounds per acre, yields are considerably above the 1960-64 average of about 250 pounds. More accurate statistics account for part of the gain, but much credit deservedly goes to pest control, improved cultural practices, expanded acreage in high yielding areas, and widespread use of improved varieties.

Yet comparison with yields in many cotton-producing countries shows Iran's rate of output to be low. This is partly because nearly half the crop is grown in unirrigated, relatively dry regions and partly because the use of advanced cultural practices has not yet become widespread.

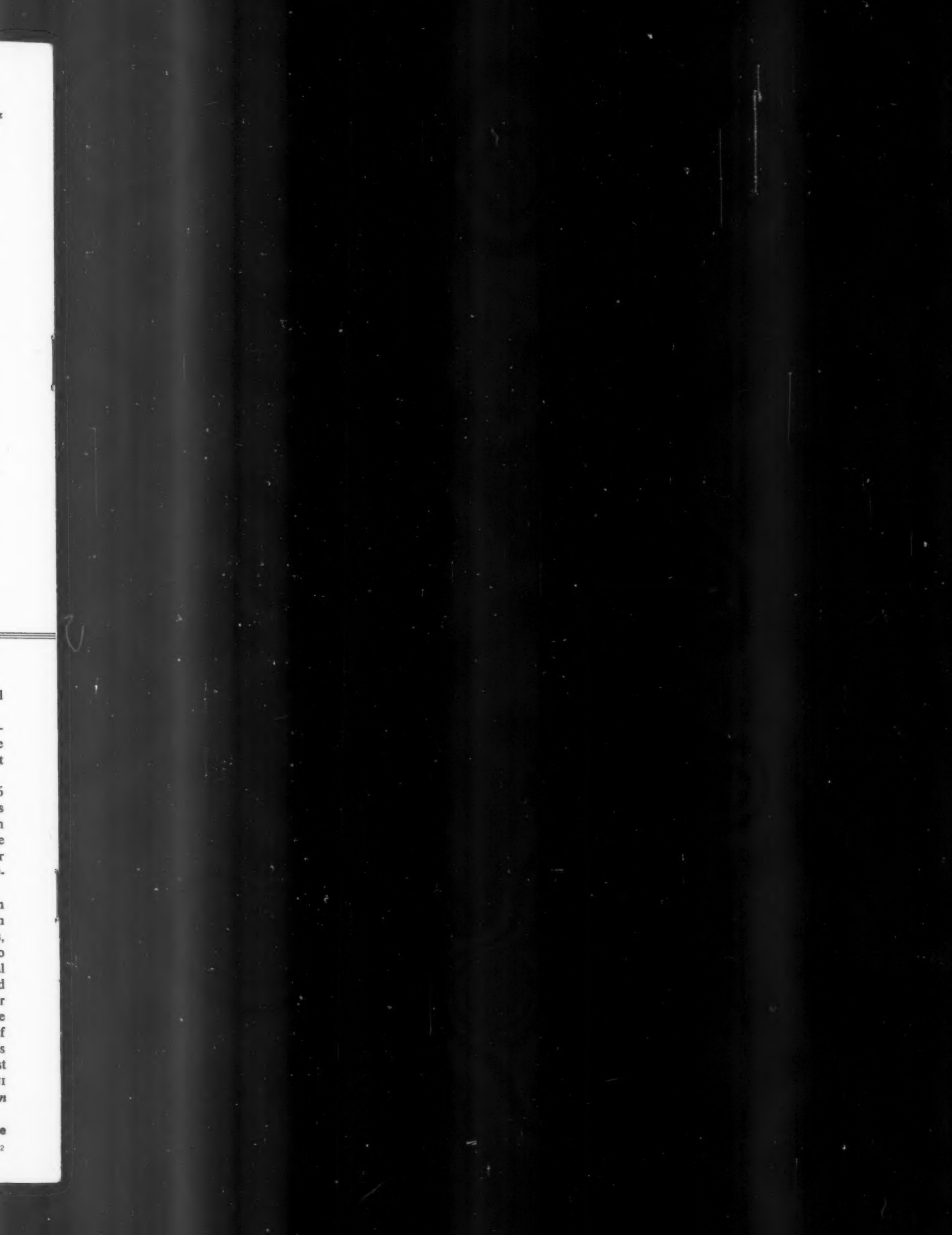
Continued government assistance to cotton growers through such services as free pesticides, better seed, and loans for fertilizer will undoubtedly boost greatly both the acreage and production of cotton in Iran in the years ahead, although some conflict is expected from proposed acreage increase for food crops. Also, international price levels have again turned downward.

After oil, cotton is Iran's largest export item. The traditional importers of Iranian cotton are West Germany, the United Kingdom, the Soviet Union, and some of the East European countries.

While total exports of cotton during 1964-65 and 1965-66 increased, the quantity sent to the East European countries remained the same. After the signing of a barter deal with several East European countries in 1966-67 and 1967-68, the share of cotton exports shipped to these countries rose. Major non-Communist buyers include West Germany, the Netherlands, France, and Japan.

Under the terms of the barter, trade between Eastern Europe and Iran can continue to grow, with Iranian cotton marketings to these countries continuing to be large. Thus, this barter deal is encouraging Iranian cotton growers to expand their production. Items included in the barter deal from Iran are sweaters, shoes, detergents, gas, oil, dried fruits, cotton, and textile goods. These are exchanged for agricultural machinery, industrial equipment, and vegetable oils from the East European countries. The Government of Iran is much interested in this type of trade arrangement, as it provides a market for many of its products among East European countries.

—S. BAHREYNI

Office of the U.S. Agricultural Attaché, Tehran

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